

Volkswagen Settlement Eligible Mitigation Action Item Projects Applications

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General Information

- ▶ Purpose: to acquire applications from Alabama Government and Non-Government entities seeking to upgrade equipment approved by the Volkswagen Settlement as Eligible Mitigation Action in order to reduce NOx emissions.
- ▶ Applicants looking to upgrade equipment in multiple Eligible Mitigation Action Items, **MUST** submit separate applications. Each application **MUST** contain equipment that is eligible under **ONLY ONE** Mitigation Action Item Category.

General Information

- ▶ Awards will total no more than \$5,810,000 under this solicitation
- ▶ Application Due Date: **July 31, 2019 at 12:00 PM**
- ▶ Applications are to be submitted electronically to vwsettlement@adeca.alabama.gov
- ▶ Eligible applicants are Government and Non-Government entities in Alabama whose projects meet the Volkswagen Program Goals

Background

- ▶ The U.S. Government and Volkswagen resolved a civil complaint which alleged that VW violated the Clean Air Act by installing software in approximately 590,000 vehicles which allowed them to easily pass emissions testing yet emit highly unacceptable levels of NOx during normal operation.
- ▶ As part of the court settlement, approximately \$2.9 billion has been placed in an independently administered Environmental Mitigation Trust to be allocated to beneficiaries (states, tribes, and certain territories) based on the number of impacted VW vehicles in their jurisdictions.

Spending Trust Allocations

- ▶ To mitigate the damage caused by the violation, the Trust will support projects that reduce NOx emissions in the areas where the VW vehicles operated.
- ▶ Alabama's Allocation: \$25,480,968
- ▶ The state has up to 10 years to spend 80% of the allocation, and up to 15 years to spend 100%.
- ▶ The state has submitted its ***Beneficiary Mitigation Plan*** as required by the Beneficiary Mitigation Trust.

Volkswagen Program Goals

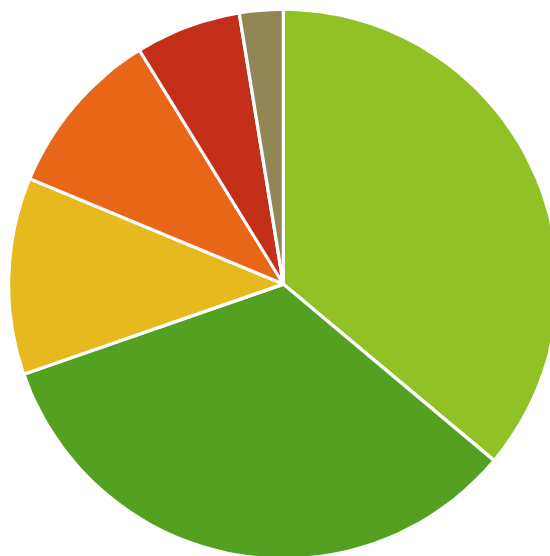
- ▶ **Reduce NOx Emissions**
- ▶ **Economic Development**
- ▶ **Fuel Security and Energy Assurance**
- ▶ **Benefit Areas that Share a Disproportionate Share of the Air Pollution Burden**

Eligible Mitigation Actions

- ▶ Class 8 Local Freight Trucks and Port Drayage Trucks (Eligible Large Trucks)
- ▶ Class 4-8 School Bus, Shuttle Bus, or Transit Bus (Eligible Buses)
- ▶ Freight Switchers
- ▶ Ferries/Tugs
- ▶ Ocean Going Vessels (OGV) Shorepower
- ▶ Class 4-7 Local Freight Trucks (Medium Trucks)
- ▶ Airport Ground Support Equipment
- ▶ Forklifts and Port Cargo Handling Equipment

NOx in Alabama

Mobile Source Tons of NOx

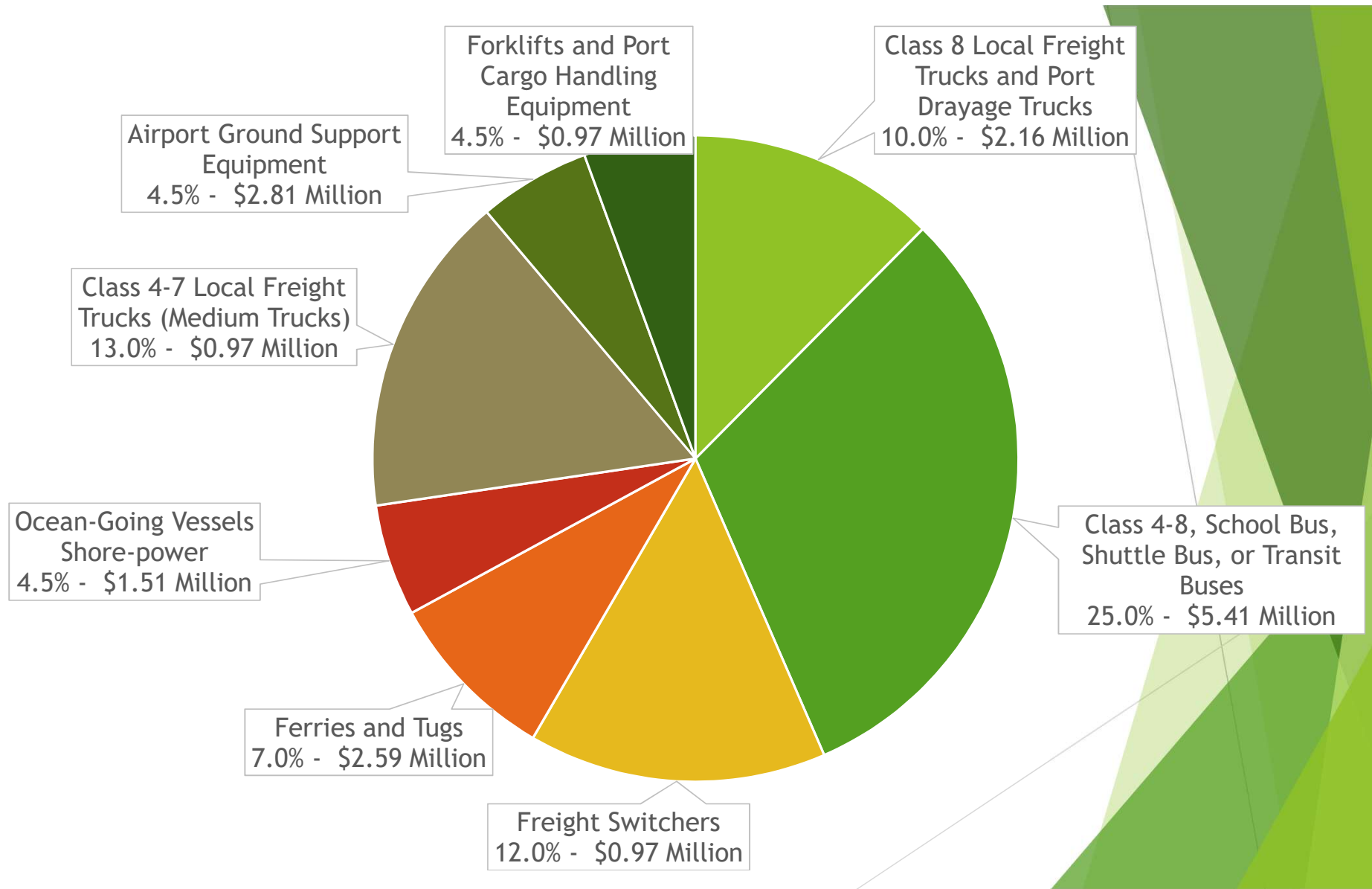


- On-road Light Duty Vehicles
- On-road Heavy Duty Vehicles
- Non-road Equipment
- Locomotives
- Commercial Marine Vehicles
- Aircraft

Volkswagen Funding Allocations

Eligible Mitigation Type	Funding Allocation	
Class 8 Local Freight Trucks and Port Drayage Trucks	10.0%	\$2,165,882.27
Class 4-8, School Bus, Shuttle Bus, or Transit Buses	25.0%	\$5,414,705.67
Forklifts and Port Cargo Handling Equipment	4.5%	\$974,647.02
Freight Switchers	12.0%	\$2,599,058.72
Ferries and Tugs	7.0%	\$1,516,117.59
Ocean-Going Vessels Shore-power	4.5%	\$974,647.02
Class 4-7 Local Freight Trucks (Medium Trucks)	13.0%	\$2,815,646.95
Airport Ground Support Equipment	4.5%	\$974,647.02

NOTE: Percentages are based on the total allocation remaining after deduction for a 15% administrative fund reserve.



On-Road Heavy Duty Vehicles

- ▶ On-road heavy duty vehicles emitted 55,816 tons or 34% of all mobile source NO_x emissions in Alabama during 2014.
- ▶ **Eligible Mitigation Project Types:** Class 8 Local Freight Trucks and Port Drayage Trucks (Large Trucks), Class 4-8 School Bus, Shuttle Bus, or Transit Bus (Buses), and Class 4-7 Local Freight Trucks (Medium Trucks).

Eligible Large Trucks

- ▶ Eligible Class 8 Local Freight Trucks and Port Drayage Trucks include engine model years between 1992 and 2009 and have a gross vehicle weight (GVWR) of 33,001 pounds or more.
- ▶ Eligible Large Trucks may be repowered with any new diesel or alternate fueled engine or all-electric engine, or may be replaced with any new diesel, alternate fueled or all-electric vehicle with an engine model year in which the Eligible Large Trucks Mitigation Action occurs or one engine model year prior.



Eligible Large Trucks - % of Project that can be funded through the Trust

	Non-Government owned Class 8 Freight Trucks	Non-Government owned Drayage Trucks	Government owned Class 8 Large Trucks
Repower with a new diesel or alt fuel engine (includes installation cost)	Up to 40%	Up to 40%	Up to 80%
New diesel or alt fuel vehicle	Up to 25%	Up to 50%	Up to 80%
Repower with new all-electric engine (including installation and charging infrastructure)	Up to 75%	Up to 75%	Up to 80%
New all-electric vehicle (including installation and charging infrastructure)	Up to 75%	Up to 75%	Up to 80%

Class 4-8 School Bus, Shuttle Bus, or Transit Bus (Eligible Buses)

- ▶ Eligible class 4-8 school buses, shuttle buses or transit buses must have a 2009 engine model year or older and a GVWR greater than 14,001 pounds.
- ▶ Eligible Buses may be repowered with any new diesel or alternate fueled engine or all-electric engine, or may be replaced with any new diesel, alternate fueled or all-electric vehicle with an engine model year in which the Eligible Large Trucks Mitigation Action occurs or one engine model year prior.



Eligible Buses - % of Project that can be funded through the Trust

	Non-Government owned Busses	Government owned Busses
Repower with a new diesel or alt fuel engine (includes installation cost)	Up to 40%	Up to 80%
New diesel or alt fuel vehicle	Up to 25%	Up to 80%
Repower with new all-electric engine (including installation and charging infrastructure)	Up to 75%	Up to 80%
New all-electric vehicle (including installation and charging infrastructure)	Up to 75%	Up to 80%

Class 4-7 Local Freight Trucks (Medium Trucks)

- ▶ Eligible Class 4-7 Local Freight Trucks include engine model years between 1992 and 2009 and have a gross vehicle weight (GVWR) of 14,001-33,000 pounds.
- ▶ Eligible Medium Trucks may be repowered with any new diesel or alternate fueled engine or all-electric engine, or may be replaced with any new diesel, alternate fueled or all-electric vehicle with an engine model year in which the Eligible Medium Trucks Mitigation Action occurs or one engine model year prior.



Medium Trucks - % of Project that can be funded through the Trust

	Non-Government owned Medium Trucks	Government owned Medium Trucks
Repower with a new diesel or alt fuel engine (includes installation cost)	Up to 40%	Up to 80%
New diesel or alt fuel vehicle	Up to 25%	Up to 80%
Repower with new all-electric engine (including installation and charging infrastructure)	Up to 75%	Up to 80%
New all-electric vehicle (including installation and charging infrastructure)	Up to 75%	Up to 80%

Non-Road Equipment

- ▶ Non-road equipment emitted 19,238 tons or 12% of all mobile source NOx emission in Alabama during 2014.
- ▶ **Eligible Project Types:** Airport Ground Support Equipment, Forklifts, and Port Cargo Handling Equipment.

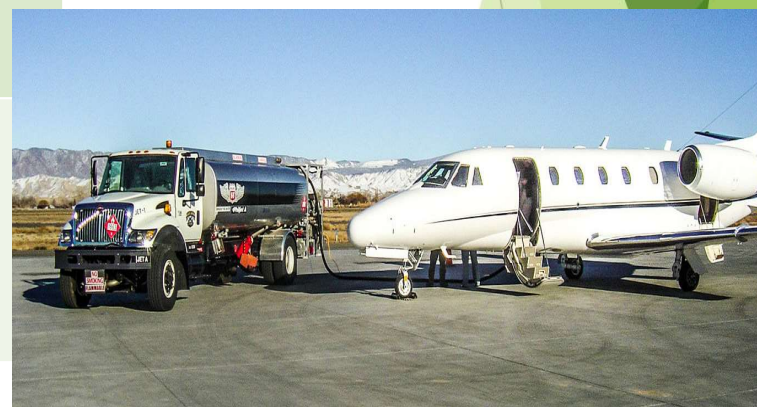
Airport Ground Support Equipment

- ▶ Eligible Airport Ground Support Equipment includes:
 - ▶ Tier 0, Tier 1, or Tier 2 diesel powered airport ground support equipment; and
 - ▶ Uncertified, or certified to 3 g/bhp-hr or higher emissions, spark ignition engine powered airport ground support equipment
- ▶ Eligible Airport Ground Support Equipment may be repowered with an all-electric engine, or may be replaced with the same Airport Ground Support Equipment in an all-electric form.



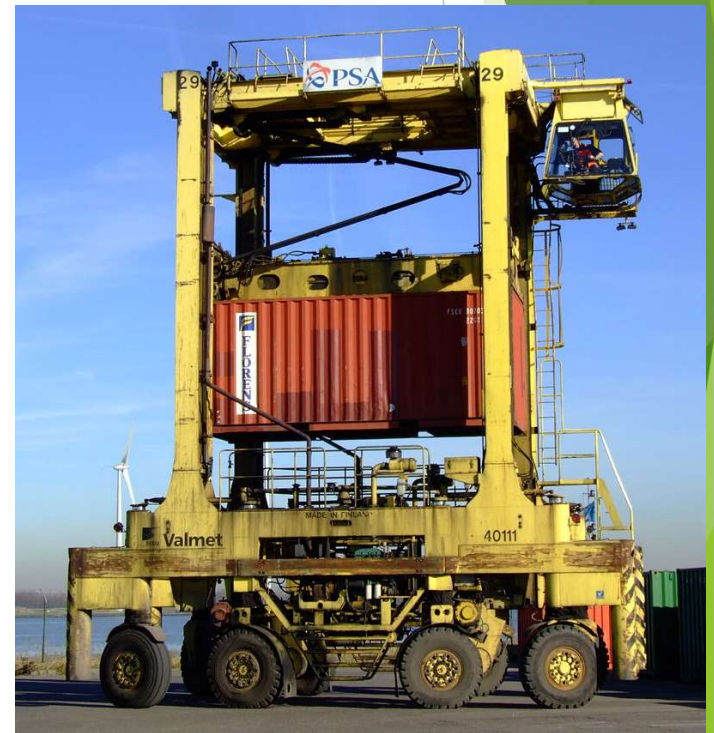
Airport Ground Support Equipment - % of Project that can be funded through the Trust

	Non-Government owned Airport Ground Support Equipment	Government owned Airport Ground Support Equipment
Repower with new all-electric engine (including installation and charging infrastructure)	Up to 75%	Up to 80%
New all-electric equipment (including installation and charging infrastructure)	Up to 75%	Up to 80%



Forklifts and Port Cargo Handling Equipment

- ▶ Eligible Forklifts include forklifts with greater than 8000 pounds lift capacity.
- ▶ Eligible Forklifts and Port Cargo Handling Equipment may be repowered with an all-electric engine, or may be replaced with the same equipment in an all-electric form.



Forklifts and Port Cargo Handling Equipment - % of Project that can be funded through the Trust

	Non-Government owned Forklifts and Port Cargo Handling Equipment	Government owned Forklifts and Port Cargo Handling Equipment
Repower with new all- electric engine (including installation and charging infrastructure)	Up to 75%	Up to 80%
New all-electric equipment (including installation and charging infrastructure)	Up to 75%	Up to 80%



Locomotives

- ▶ Locomotives emitted 16,543 tons or 10% of all mobile source NOx emission in Alabama during 2014.
- ▶ **Eligible Project Types:** Freight switchers include pre-Tier 4 switcher locomotives that operate 1,000 or more hours per year.

Freight Switchers

- ▶ Eligible Freight Switchers include pre-Tier 4 switcher locomotives that operate 1000 or more hours per year.
- ▶ Eligible Freight Switchers may be repowered with any new diesel or alternate fueled or all-electric engine(s) (including generator sets), or may be replaced with any new diesel or alternate fueled or all-electric (including generator sets) Freight Switcher, that is certified to meet the applicable EPA emissions standards as published in the CFR for the engine model year in which the Eligible Mitigation Action occurs.



Freight Switchers - % of Project that can be funded through the Trust

	Non-Government owned Freight Switchers	Government owned Freight Switchers
Repower with a new diesel or alt fuel engine or generator sets (includes installation cost)	Up to 40%	Up to 80%
New diesel or alt fuel freight switcher	Up to 25%	Up to 80%
Repower with new all-electric engine (including installation and charging infrastructure)	Up to 75%	Up to 80%
New all-electric vehicle (including installation and charging infrastructure)	Up to 75%	Up to 80%

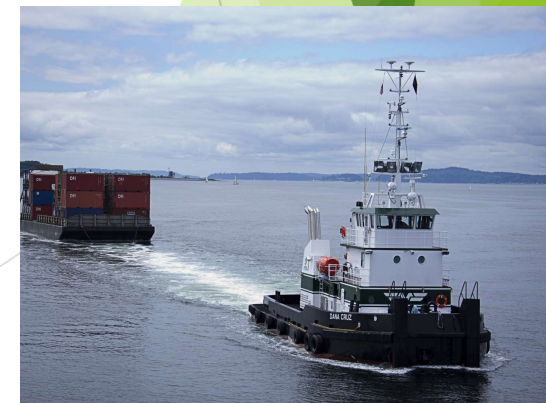
Commercial Marine Vessels

- ▶ Commercial marine vessels emitted 10,329 tons or 6% of all mobile source NOx emissions in Alabama during 2014.
- ▶ **Eligible Project Types:** ferries or tugs, and shorepower for ocean-going vessels.

Ferries/Tugs

- ▶ Eligible Ferries and/or Tugs include unregulated, Tier 1, or Tier 2 marine engines.
- ▶ Eligible Ferries and/or Tugs may be repowered with any new Tier 3 or Tier 4 diesel or alternate fueled engines, or with all-electric engines, or may be upgraded with an EPA Certified Remanufacture System or EPA Verified Engine Upgrade.

	Non-Government owned Ferries/Tugs	Government owned Ferries/Tugs
Repower with a new diesel or alt fuel engine or generator sets (includes installation cost)	Up to 40%	Up to 80%
Repower with new all-electric engine (including installation and charging infrastructure)	Up to 75%	Up to 80%



Ocean Going Vessels (OGV) Shorepower

- Eligible Marine Shorepower includes systems that enable a compatible vessel's main and auxiliary engines to remain off while the vessel is at berth. Components of such systems eligible for reimbursement are limited to cables, cable management systems, shore power coupler systems, distribution control systems, and power distribution. Marine shore power systems must comply with international shore power design standards (ISO/IEC/IEEE 80005-1-2012 High Voltage Shore Connection Systems or the IEC/PAS 80005-3:2014 Low Voltage Shore Connection Systems) and should be supplied with power sourced from the local utility grid.

	Non-Government owned Marine Shorepower	Government owned Marine Shorepower
Shore-side system connected with local utility grid	Up to 25%	Up to 80%



What the Environmental Mitigation Trust CANNOT Fund

- ▶ Research and development
- ▶ Refueling infrastructure for diesel, natural gas or propane-powered vehicles
 - ▶ The only allowable infrastructure costs are the cost of infrastructure associated with eligible All-Electric engines, vehicles, or equipment **and** the cost of acquisition, installation, operation and maintenance of new Light Duty ZEV Supply Equipment (Level 1, Level 2, and fast charging EV infrastructure, and hydrogen dispensing equipment).
- ▶ The repower or replacement of light-duty, passenger vehicles
 - ▶ The Environmental Mitigation Trust is focused on the repower or replacement of medium and heavy-duty vehicles, vessels, and equipment only.
- ▶ Anything that does not fit in one of the listed “eligible mitigation action” categories

Mitigation Trust Funding NOT included in this Application

- ▶ Diesel Emission Reduction Act Option
 - ▶ VW allocation is 4.5% or \$974,647.02
 - ▶ These funds will be eligible to apply for through the Alabama Department of Environmental Management (ADEM)
- ▶ Light Duty Zero Emission Vehicle Supply Equipment
 - ▶ VW allocation is 15% or \$3,248,823.40
 - ▶ Applications will be accepted by ADECA through a separate application to be released at a later date

Application Requirements

- ▶ Section A: Grant Applicant Information
- ▶ Section B: Project Budget
- ▶ Section C: Risk Assessment
- ▶ Section D: Project Detail and NOx Savings Information
- ▶ Organization's Audit
- ▶ Certificate of Compliance with the Beason-Hammon Alabama Taxpayer and Citizen Protection Act-AND-E-Verify MOU
- ▶ State of Alabama-Disclosure Statement

Application Evaluation Requirements

- ▶ Proposed Project is eligible under one of the Mitigation Action Items
- ▶ Proposed match meets or exceeds percentage required
- ▶ Grant application Sections A-D are complete
- ▶ Applicant agrees to scrap replaced equipment/vehicle
- ▶ Applicant agrees to maintain Property Management for purchased/repowered equipment/vehicles
- ▶ Applicant submitted the organization's most recent audit

Application Evaluation Scoring

- ▶ Project Budget - 20 possible points
- ▶ Risk Assessment - 15 possible points
- ▶ Project Detail and NOx Savings Information - 65 possible points

Reporting Requirements

- ▶ Semiannual Reports
 - ▶ Due January 15 for July 1 to December 31
 - ▶ Due July 15 for January 1 to June 30
- ▶ Final Report
 - ▶ Due within 30 days of completion of the project
- ▶ Reports must include a complete description of the project status (including actual or projected completion date), development, implementation, and any modification to the project

Additional Requirements

- ▶ Certificate of Compliance with the Beason-Hammon Alabama Taxpayer and Citizen Protection Act AND E-Verify MOU
 - ▶ Local governments, state agencies, state universities, two-year colleges, or instrumentalities of the State are not required to submit
- ▶ State of Alabama - Disclosure Statement
 - ▶ Required by Alabama Act 2001-995 for grant proposals exceeding \$5,000

Payment Info

- ▶ Payments are available:
 - ▶ Advanced Payment provided applicant maintains a cash management plan, demonstrates the willingness and ability to maintain both written procedures to minimize the transfer of funds and their disbursement, and financial management systems
 - ▶ Reimbursement
- ▶ Successful applicants **MUST** register in the State of Alabama Accounting and Resource System (STAARS) Vendor Self Service (VSS) portal in order to receive payments

Project Development Considerations

- ▶ NOx Emissions Reductions and calculators
- ▶ Availability of Fueling Infrastructure and Fuel Price Volatility
- ▶ Benefits to Vulnerable Populations
- ▶ Benefits to Areas Bearing a Disproportionate Share of Air Pollution
 - ▶ Areas near busy highways, industrial development, rail yards, or ports
- ▶ Economic Development Potential
 - ▶ Domestic source for fuel
 - ▶ Vehicles and technologies produced in Alabama
 - ▶ Fuel and maintenance cost reductions increase businesses sustainability
- ▶ Fuel Security and Energy Assurance
 - ▶ Reliable supply / domestic source and Cost Considerations

Project Cost Considerations

- ▶ Cost to Repower vs. Cost to Replace
- ▶ Life Cycle Costs
 - ▶ Initial purchase
 - ▶ Fuel and maintenance costs
- ▶ Cost of Scrappage
- ▶ Leveraging Options
 - ▶ Alabama School Bus Fleet Renewal Program
 - ▶ CMAQ Funds
 - ▶ FTA Low or No Emission Vehicle Program
 - ▶ Incentives from Fuel Suppliers
 - ▶ Others?



Application Section A: Grant Applicant Information

- ▶ General Information
- ▶ Project Director
- ▶ Assistant Project Director (if applicable)
- ▶ Signatory Official/Governor's Notification
- ▶ Accountant
- ▶ Certification

Application Section B: Project Budget

- ▶ Equipment
- ▶ Supplies & Materials
- ▶ Contractual
- ▶ Budget Totals
- ▶ Project Leveraging



Application Section C: Risk Assessment

- ▶ Risk Assessment questions will be based on your organization's operations and audit history.
- ▶ Must be signed by Signatory Official

Application Section D: Project Detail and NOx Savings Information

- ▶ Project Information
- ▶ Description of Project
- ▶ Existing Vehicle/Equipment Inventory
- ▶ Extent of Benefits Relating to Volkswagen Goals
- ▶ Project Sustainability
- ▶ Qualifications and Experience of Applicant
- ▶ Plan for Scrappage
- ▶ Project Requirements
- ▶ Project Plan
- ▶ NOx Emission Reduction Calculations
- ▶ Additional Information

Scrappage

- ▶ Render vehicle inoperable
- ▶ Available for recycle
- ▶ Cut a 3-inch hole in the engine block for ALL engines
- ▶ For replacement vehicles, chassis must be disabled by cutting the vehicle's frame rails completely in half



Property Management

- ▶ Equipment requiring Property Management - tangible, non-expendable personal property having a useful life of more than one year and an acquisition cost of \$5,000 or more
- ▶ Subrecipients MUST adhere to ADECA Energy Division policies and procedures when purchasing equipment in whole or in part with grant funds
- ▶ Subrecipients MUST comply with the standards and property procedures established in the Property Management Manual for the first five (5) years after equipment acquisition
- ▶ Complete Property Management Manual can be found at <http://www.adeca.alabama.gov/Divisions/energy/vw/Pages/Resources.aspx>

Things to Remember

- ▶ Each application **MUST** contain equipment that is eligible under **ONLY ONE** Mitigation Action Item Category
- ▶ Applicant must agree to scrap replaced vehicles/equipment
- ▶ Applicant must agree to property management
- ▶ Applications **MUST** include:
 - ▶ Complete Grant Application Form
 - ▶ Organization's most recent audit
 - ▶ Certificate of Compliance with the Beason-Hammon Alabama Taxpayer and Citizen Protection Act AND E-Verify MOU
 - ▶ State of Alabama - Disclosure Statement

Additional Information

- ▶ Questions can be submitted to:
 - ▶ Email: vwsettlement@adeca.alabama.gov
- ▶ Additional information can be found at
 - ▶ Website: www.adeca.alabama.gov/vwsettlement
- ▶ Subscribe to email updates at
 - ▶ Website:
www.adeca.alabama.gov/Divisions/energy/vw/Pages/VW-Information-Mailing-List.aspx